Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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OFFICE OF SECRETARY

In the Matter of	)	Gen. Docket No. 90-314
	)	RM-7140. RM-7175, RM-7618
Amendment of the Commission's	)	
Rules to Establish New	)	
Personal Communications	)	
Services	)	

REPLY COMMENTS OF COLUMBIA PCS, INC.

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April 22, 1994

No. of Copies rec'd 0+5
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To: The Commission

COMMENTS OF COLUMBIA PCS, INC.

Columbia PCS, Inc., by its attorney, hereby responds to the Federal Communications Commission's (the "Commission's) invitation to submit comments on the Panel Discussion held on April 11-12, 1994 by the PCS Task Force regarding the Commission's Second Report and Order in the above captioned proceeding.[1]

SUMMARY

The record evidence in this proceeding as well as the testimony in this latest round of submissions shows: i) there is high consumer and business demand for wireless communications, ii) cost-effective technologies exist at 1.8 GHz to provide competitive services to cellular, ESMR and wireline services, iii) the current market structure is

[1] These comments are considered timely pursuant to the Commission's News Release dated April 4, 1994.

highly concentrated, iv) enormous amounts of capital will be required to own and operate PCS systems and v) timing of broadband PCS licensing is crucial to potential new entrants.

Moreover it is remarkable to note the near unanimity of opinions expressed at last week's hearings *urging* the FCC to act quickly and commence issuing broadband PCS licenses in accordance with Congress' clear legislative intent. It was apparent from the submittals of potential licensees, equipment suppliers and the financial community that the current delay in licensing clouds the previously bright outlook for broadband PCS.

The Omnibus Budget Reconciliation Act of 1993[2] provides a clear legislative mandate for the FCC to enact regulation that ensures meaningful participation among a wide variety of applicants, including small businesses, rural telephone companies, and businesses owned by members of minority groups and women -- without administrative delay.

To accomplish the congressional imperatives Columbia PCS believes that the FCC must:

I. Designate a minimum of 30 MHz of spectrum in the lower band of PCS frequencies for exclusive auction to small businesses, rural telephone companies, and businesses owned by women and members of minority groups;

II. Adopt flexible financial arrangements for these groups to pay for PCS licenses, and ensure that no artificial restraints are imposed on their ability to raise capital to bid on PCS licenses and construct PCS systems; and

III. Commence issuing licenses for broadband PCS services as soon as practically possible but no later than August 1, 1994.

[2] Pub. L. No. 103-66, Title VI, 66002 (b), 107 Stat. 312, 392.

I. DESIGNATE A MINIMUM OF 30 MHZ OF SPECTRUM IN THE LOWER BAND OF PCS FREQUENCIES FOR EXCLUSIVE AUCTION TO SMALL BUSINESSES, BUSINESSES OWNED BY WOMEN AND MINORITIES, AND RURAL TELEPHONE COMPANIES.

In the 1993 Budget Act, Congress authorized the auction of spectrum licenses for PCS and directed the FCC to create a regulatory framework that ensured meaningful participation by small businesses, rural telephone companies, businesses owned by women and minorities in this emerging market. Congress' purpose in mandating preferential measures for these designated entities was to provide economic opportunities to those groups that have been historically excluded from participation in the telecommunications industry.

The only way to ensure participation by small businesses, rural telephone companies, and businesses owned by members of minority groups and women in PCS is a reservation of spectrum for those designated entities. The economic barriers that designated entities face in obtaining capital necessary to acquire PCS licenses and construct and operate PCS systems are insurmountable absent a spectrum set-aside. For example, estimates from the Congressional Budget Office ("CBO") suggest it will take at least $155 million just to bid build and operate the Washington Basic Trading Area ("BTA"). The only companies commanding capital resources of this magnitude are the handful of multi-billion dollar giants that already dominate the telecommunications industry. Any regulatory scheme that requires small businesses, rural telephone companies, and businesses owned by members of minority groups and women to bid against these entrenched telecommunications giants ignores the market realities of the telecommunications industry. Discounts or other financial breaks don't even offset the enormous advantages these billion dollar giants have due to access to internally generated capital and substantially lower costs of capital. As prior commentary has noted, a difference in cost of capital of 15% vs. 20% yields a doubling of the valuation of spectrum that allows large players to double any bid of a designated entity and expect a comparable risk/reward return on their investment.

Set asides for designated entities also meet Congress' broad policy aim of increasing competition and ensuring that new and innovative technologies are readily accessible to the American people. The telecommunications industry today is dominated by a handful of billion dollar giants. These same giants offer many types of communications services, some of which will be directly competitive with PCS. Congress sought to facilitate ready access to PCS services by directing the FCC to avoid excessive concentration of licenses and mandating distribution to designated entities. In addition to providing economic opportunity to designated entities, reservation of spectrum for these previously excluded entities ensures that considerations for preservation of existing revenue streams will not impede the introduction of PCS.

In fact, the FCC should consider auctioning the set-aside block first to meet its' legislative mandate and to speed the deployment of PCS. Despite past leadership in the communications revolution, the United States has fallen behind in the race to establish this next generation of wireless communications. Proceeding with licensing for designated entities would empower those individuals with the greatest incentive to deploy PCS quickly. Small entrepreneurial businesses have always been at the forefront of technological innovation in this country. Allowing auctions of the set-aside block to start this process would benefit both the American public and the industry at large.

A. SPECTRUM SIZE MUST NOT BE A COMPETITIVE BAR

The record from last week's panel discussions is full of conflicting positions regarding the sizes of spectrum that should be allocated. Ignoring the self-interests of the many commentaries for the moment, it is obvious that this is an issue without a finite answer. Those parties clearly interested in implementing full service PCS as quickly as possible advocate the largest possible spectrum allocation, while likely competitors of PCS, notably cellular interests, advocate much smaller allocations. Somewhere within this range of 50MHz-10MHz of spectrum lies a suitable compromise. The broader policy consideration is that the Commission must not make this decision in a way that precludes the meaningful participation of designated entities.

The size of the spectrum allocated for designated entities must be large enough to attract the significant capital investment needed to build and operate PCS systems. Clearly the statements of all three financial experts demonstrates that 10MHz of spectrum is insufficient to justify significant investment from the capital markets. Additionally, the presence and impact of incumbent microwave users must be factored into this determination. It is wholly illogical to provide the group with the most limited resources with a band allocation that has the greatest requirement to move the incumbent users. Small businesses, rural telephone companies, and businesses owned by members of minority groups and women will undoubtedly be the PCS entrants with the greatest pressures to get to market quickly with minimal cost. It is for these reasons that Columbia PCS, Inc. advocates a minimum of 30MHz for designated entities. This minimum amount affords designated entities reasonable opportunity to raise requisite capital and provides sufficient flexibility for these smaller entrants to work around band incumbents.

B. SPECTRUM LOCATION MUST NOT BE A COMPETITIVE BAR

The record from last week's hearing was clear, PCS equipment for the lower frequency band will be more readily available at a lower initial cost. Although Dr. Irwin Jacobs of Qualcomm foresaw no technical constraints on the eventual development of equipment for the upper frequency band, all technical panelists agreed that equipment for the lower band would be first to market. It was further brought out under questioning that speed of development and cost for the upper band equipment would be largely dependent upon the level of demand for that equipment. Small businesses, rural telephone companies, and businesses owned by members of minority groups and women will be the one category of PCS licensees with the greatest pressures to get to market quickly and with minimal cost. Equipment delays will effectively bar their meaningful participation in PCS. Designated entities will have insufficient market power to drive development and downward costs for higher band equipment. A fairer and more efficient disposition would be for the FCC to allocate the upper band to those large telecommunications incumbents with the greatest ability to be market makers.

C. SPECTRUM RESERVATION IS SUPPORTED BY BOTH LAW AND POLICY

Congress' express intent in the 1993 Budget Act is to provide economic opportunities for small businesses, rural telephone companies, and businesses owned by members of minority groups and women in the telecommunications industry. The Supreme Court has determined that creating economic opportunities for disadvantaged groups is constitutionally permissible as an important government objective. Fullilove v. Klutznick, 100 S.Ct. 2758 (1980); See also, Adarand Constructors, Inc. v. Pena, U.S. App LEXIS 2832 (10th Cir. Feb. 16, 1994). This particular set-aside should be held to a lesser standard of scrutiny since it is not based solely on race or gender but addresses broader economic disadvantage. See, FCC v. Beach Communications, Inc., 113 S.Ct. 2096 (1993). However, even under higher scrutiny standard this set-aside would be upheld since it (1) serves important government objectives within the power of Congress and (2) is substantially related to those objectives. Metro v. F.C.C., 110 S.Ct. 2997, 3009 (1990).

A set-aside for small businesses, rural telephone companies, and businesses owned by members of minority groups and women also furthers the Government's policy objective to encourage competition and further the rapid deployment of this new technology. Congress specifically sought to address the undue market concentration in telecommunications today by facilitating a broad dissemination of licenses to these previously excluded groups. In doing so Congress recognized that new entrants would have greater incentives to quickly introduce new communications technologies and services to compete against existing communications services. As new entrants, the viability of designated entities depends upon their ability to rapidly deploy and attract new customers for PCS.

It is with great alarm that Columbia PCS notes that the Commission's panel on Competitive Issues excluded representative of designated entities. The only witnesses for this important panel admitted on the record to representing Airtouch and Bell Atlantic Mobile, CTIA and MCI. Each of these panelists represents interests whose profits depend upon a slow and limited deployment of this new competitive technology. In contrast, Steven Zecola, a former economist at the FCC and President and CEO of Columbia PCS, a small business in the PCS industry, was declined an opportunity to participate on this panel. The fact that each of these representatives disfavored set-asides and supported amorphous financial incentives is no surprise. Nor was it a surprise that the economists failed to provide any evidence that the FCC could meet the Congressional mandate of "disseminating licenses among a wide variety of applicants, including small businesses, rural telephone companies, and businesses owned by members of minority groups and women" -- without a set aside. However, the fact that the Commission would configure such a limited panel and then ask them how best to help designated entities is disturbing. Unfortunately, this important question was misdirected to a panel motivated by big business' interests.

II. ADOPT FLEXIBLE FINANCIAL ARRANGEMENTS FOR THESE GROUPS TO PAY FOR PCS LICENSES, AND ENSURE THAT NO ARTIFICIAL RESTRAINTS ARE IMPOSED ON THEIR ABILITY TO RAISE CAPITAL TO BID ON PCS LICENSES AND CONSTRUCT PCS SYSTEMS

The use of a set-aside alone for small businesses, rural telephone companies, and businesses owned by members of minority groups and women is not enough to ensure the broad dissemination of licenses to designated entities. The FCC must also adopt favorable financing mechanisms applicable to designated entities that considers their higher cost of capital and infrastructure requirements as new entrants in the communications marketplace. Artificial constraints on the ability to raise funds in this capital intensive business will practically destroy what Congress has sought to encourage.

Delays in issuing clear standards for designated entities and capital formation requirements are equally injurious to designated entities. As Paul Rissman of Alliance Capital Management indicated, the delays to date have already caused the financial community to lower both expectations for PCS and their corresponding willingness to fund these new ventures. The established giants in telecommunications already have their own financing derived from their profitable revenue streams of incumbent communications services. It is the new entrants that need a clear enunciation of the FCC's financial requirements and definitions in order to raise much needed funds.

At a minimum the FCC must ensure that minimal financial contributions are required for designated entities to obtain a license. At estimates ranging from several million to hundreds of millions of dollars for a single BTA, payments by designated entities must be extended over the license term. The FCC must also provide designated entities with flexible financing arrangements to construct and operate viable PCS systems. The definitions adopted for each designated entity should not exclude the use of a broad array of creative financing instruments, including equity and debt instruments, to raise the necessary capital to offer PCS, provided that designated entities retain 50% ownership and control. (See Section A(ii) below).

A. THE FCC MUST FASHION SPECIAL ELIGIBILITY RULES FOR DESIGNATED ENTITIES IN BROADBAND PCS THAT AVOID ABUSE AND ENCOURAGE CAPITAL FORMATION

It is a difficult challenge to create a regulatory scheme flexible enough to encourage significant investments in designated entities but also safeguard against inevitable attempts to abuse this process. Timing on this complex problem is equally crucial since delay causes uncertainty on the part of potential investors and creates significant risk that bona fide potential licensees will be disqualified absent clear guidelines on capital formation. These difficulties aside, this problem must be solved with well reasoned and objective analysis as quickly as practically possible.

Arbitrary size definitions represent the greatest risk to the FCC's implementation of regulations that foster formation of a PCS industry consistent with Congress' intent. Size definitions alone are also insufficient to prevent abuse. A combination of specific definitional standards, ownership attribution guidelines and license requirements are necessary to solve this problem.

The unique opportunities and demands of broadband PCS will require special eligibility rules. The record absolutely supports the fact that broadband PCS is likely to be one of the most capital intensive sectors in the entire telecommunications industry. As mentioned previously, one study suggests a cost of over $150 Million just to successfully bid, build and operate the Washington BTA. The history of the telecommunications industry strongly suggests that a licensee's long term success depends greatly upon their ability to cover more than a single BTA. Additionally, designated entities as new entrants will have significant infrastructure costs that will be allocated over a much smaller scale than the telecommunications industry at large. Definitional standards and ownership attribution guidelines must be established to allow designated entities to raise sufficient capital to participate in the provision of broadband PCS.

(i) SMALL BUSINESS DEFINITION

The Commission's general definition of $6 million net worth and $2 million annual profits is wholly inadequate for the broadband PCS sector. This standard is unduly restrictive and bears no relation to the capital intensive nature of broadband PCS. In fact, this standard is so restrictive that it is likely to unreasonably depress set-aside bids, prevent designated entities from building out in licensed areas and encourage speculators at the expense of bona fide PCS operators.

If the Commission intends to adopt an SBA standard, the only appropriate size standard is the general industry standard for Radiotelephone Communications which is 1,500 employees, including employees of all affiliated companies. The remaining standards within the SBA guidelines are industry and program specific thresholds unrelated to the peculiar demands of broadband PCS. Application of these unrelated industry standards risks an arbitrary exclusion of bona fide licensees. Columbia PCS agrees with the Commission and various commenters that an employee threshold of 1,500 employees is potentially subject to abuse. Any definition of small business is potentially subject to abuse. The salient considerations however should be how best to encourage bona fide applicants and prevent abuse. Restrictive and arbitrary size definitions are not the answer. The greater risk is the exclusion of the very people Congress intended to include. The Commission should adopt an inclusive definition with specific license requirements that are narrowly designed to curb the proscribed abuse. A size standard of 1,500 employees with a three year trafficking limitation and a requirement for system operation or build-out prevents abuse while also encouraging participation by serious PCS licensees.

Alternatively, the Commission should adopt its own size standard based upon the specific attributes of broadband PCS. A reasonable employee threshold would be 750 employees so long as licenses also include trafficking limitations and operational requirements. A small business standard of $100 million in annual revenues (e.g., revenues for calendar year 1993) with similar license requirements is also reasonably related to the capital requirements of broadband PCS.

(ii) OWNERSHIP ATTRIBUTION AND CONTROL

Even more important than the definition of a small business for broadband PCS, the Commission must also address ownership attribution rules to assess eligibility under the definition. Clear ownership attribution guidelines are essential to both preventing abuse and encouraging the significant investment required by broadband PCS.

First, the Commission must enact rules that strike a reasonable balance between the retention of actual control by designated entities and the need to maximize capital investments. Columbia PCS believes that the small business, or an aggregate of designated entities in sum total in an application, must control at least 50.1% of the voting stock of the applicant and own at least 50.1% of the controlling interest to qualify under the small business definition. In the case of a limited partnership, this could mean that a small business could own 50.1% of the general partner and, in turn, the general partner could own 20% of the limited partnership. It is ownership in the general partnership that is crucial to actual control while artificial constraints on the limited partnership only damage the potential viability of designated entities.

This flexibility is needed for small businesses to raise sufficient capital to bid for spectrum and construct systems. Columbia PCS estimates that it will require $5 Billion in capital to acquire and build out 20 or 30 megahertz PCS systems in one band throughout the United States. At best, applicants will be able to raise 67% to 75% of their capital structure through debt, necessitating $1.25 to $1.65 Billion in equity. Small businesses, even if defined to include businesses with annual revenues up to $100M, will not be able to raise this magnitude of equity capital. Therefore, the Commission must allow for flexible financing arrangement through limited partnerships and non-voting stock grants, provided that the small business retains control over the PCS operation.

Broad restrictive rules on financing risk excluding bona fide licensees and investors without eliminating the likely abuse. Narrowly tailored limitations are needed to prevent potential abuse. For example, Congress clearly intended to avoid undue concentration of licenses in this new market. As such, we recommend that the Commission exclude the RBOCS, GTE, AT&T, MCI, Sprint, Airtouch and any telecommunications company with more than $10B in assets from any investment in the SWMR band at any time during the trafficking window.

Second, the Commission should utilize a 20% ownership limit for attribution of ownership to affiliates and subsidiaries. That is, any entity that owns more than 20% of the equity of the applicant should be considered an affiliate, and all of the employees and revenues of all of the affiliates should be added and attributed toward the small business definition for broadband PCS.

Third, the Commission must carefully describe how percentage ownership and control will be measured. Given the well-established law in mass media, we believe that the Commission should utilize these rules in determining who owns and controls the applicant. For example, the Commission should look at equity, not debt, in determining ownership interest. Also, convertible debt should not be counted for purposes of determining ownership and control, provided the debt cannot convert to equity prior to the end of the trafficking window.

With respect to equity participation, the Commission should not attribute affiliate ownership interests to limited partners or non-voting stock holders who do not control the operations of the company. As such, a small business could bring in large infusions of equity capital from large businesses or investment funds to bid on licenses and construct PCS systems, provided such funds were raised through Limited Partnerships or non-voting stock grants. As long as the applicant and its affiliates meets the small business definition for broadband PCS one month prior to the license application, it would retain its small business eligibility despite raising sufficient capital to bid on licenses and construct systems.

Fourth, given the capital intensive nature of the broadband PCS business and the uncertainty of auctions, two additional license conditions warrant Commission attention. Columbia PCS believes the Commission should treat management contracts as a transfer of control. Hence, if a designated entity were to enter a management contract to run its PCS system with an entity beyond the small business employee or revenue standard for broadband PCS, then the designated entity should lose its preferential status and associated benefits.

Finally, the Commission needs to distinguish between management control and "negative control". Negative control exercised by Limited Partners or non-voting stockholders should not change the status of the applicant. The nature of auctions dictates that Limited Partners retain a right of approval over auction bidding so that a General Partner cannot bid over a certain pre-specified amount withhold getting the approval of the Limited Partners. Such an arrangement should not result in ownership attribution to the Limited Partner or non-voting stockholder. This nominal protection of investment as opposed to management control is needed to encourage the serious investment required for broadband PCS.

With such rules along with a three year trafficking window for designated entities, we believe that the Commission can accommodate the need for capital formation by designated entities while, at the same time, avoid abuse.

III. ISSUE LICENSES FOR BROADBAND PCS SERVICES AS SOON AS PRACTICALLY POSSIBLE BUT NO LATER THAN AUGUST 1, 1994.

The Budget Reconciliation Act clearly requires the FCC to "commence issuing licenses and permits in the personal communications service" within 270 days of enactment. The Commission's own Notice of Proposed Rulemaking in Implementation of the Budget Act, expressly recognized that: "the Budget Act requires the Commission to commence issuing licenses and permits in the Personal Communications Service (PCS) within 270 days of its enactment, or May 7, 1994". Nowhere in the Act, its legislative history, or in the testimony of the witnesses before Congress did anyone suggest that this mandate could be met by anything less than broadband PCS auctions.

Market research presented at the panel discussions suggests that a delay in licensing until 1995 causes significant in loss of market penetration for PCS. In fact, with some notable exceptions, most panelist urged the commission to begin licensing as quickly as possible. One panelist to suggest that the FCC should take additional time was Mr. Wayland of GTE. A week later GTE and Mr. Wayland announced plans to offer a nationwide pocket-phone service called Telego. A service described as a "preemptive strike against future "personal communications services." (See April 19, 1994, Wall Street Journal, p. A3, attached). As Tom Stroup suggested during the same panel, "I would also note the Commission consider the incentives of the people that are urging you to take your time".

It is irrefutable that delays in licensing PCS gives competitive advantage to entrenched cellular interests and emerging EMSR services. The FCC must safeguard this regulatory process from manipulative delay and implement Congress' mandate for a varied and competitive communications marketplace. As noted, the Budget Act requires the FCC to commence issuing PCS licenses by auction by May 7, 1994. Therefore, the FCC should vote on the Reconsideration of its PCS Report and Order and issue a Final Report and Order on implementing Section 309(j) of the Communications Act at its May public meeting and begin broadband PCS auctions no later than this summer.

CONCLUSION

Congress has expressed a clear intent for a broader distribution and rapid development of this next generation of communications service known as PCS. Specifically, Congress has sought to ensure participation by small businesses, rural telephone companies and businesses owned by members of minority groups and women in this emerging marketplace. The FCC must act now to implement regulatory mechanisms that ensure that both the Congressional mandate and promise of PCS are fulfilled. Columbia PCS, Inc. respectfully submits that careful adherence to the Congressional mandate will provide guidance necessary to achieve a successful regulatory model. For these reasons, the Commission's adoption of the recommendations set forth above will serve the public interest.

Respectfully submitted,

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ATTACHMENT A

THE WALL STREET JOURNAL

TUESDAY, APRIL 19, 1994

Pocket-Phone Service Planned By GTE Corp.

Move Is Attempt to Beat Delayed Rival Service Into Consumer Market

By JOHN J. KELLER
Staff Reporter of THE WALL STREET JOURNAL

NEW YORK – GTE Corp. plans to offer a nationwide pocket-phone service to consumers by year end, becoming the first major cellular carrier to launch a preemptive strike against future "personal communications services."

GTE's new Telego service would be priced significantly lower than regular cellular-phone service in most cases, broadening the market for pocket phones beyond hard-core business users.

The lightweight devices have been a much-touted feature of rival PCS, which have been delayed by government regulators. PCS phones will look like small cellular phones to the consumer but will operate in a higher frequency and transmit signals in digital code, which could make it easier to transmit data as well as voice. PCS backers promised phones that are smaller and cheaper. However, continuing delays in launching the service are allowing cellular companies such as GTE to get a jump on PCS.

The new GTE service, called Telego, is the culmination of almost two years of quiet testing in the Tampa, Fla., market. GTE, one of the nation's largest cellular carriers with systems covering territories with 53 million people, sampled its service with 3,000 customers in the Tampa market – by far the largest such test for a wireless service aimed at consumers.

Industry analysts have long expected that cellular operators such as GTE would try to beat PCS entrants to the punch by expanding their base of customers beyond executives to cost-conscious consumers. Cellular carriers have said they will accomplish this through discount pricing schemes and by making special technical tweaks to their network, allowing a consumer to carry one number anywhere he or she goes.

"This is going to cause problems for new PCS entrants," said Steven A. Zecola, president of Columbia PCS Inc., an Alexandria, Va., company that is pursuing partnerships and licenses to provide PCS. "This looks just like PCS."

He noted that GTE's new service is getting some inadvertent help from the U.S. government. The Federal Communications Commission has delayed auctions for PCS licenses, probably until early 1995. "The FCC is nowhere to be found. Once we get a license, it takes 18 to 24 months to build a network," Mr. Zecola said. "By

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GTE Plans Pocket-Phone Service In Bid to Beat Delayed Rival PCS

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then GTE will have its own digital network built."

But Herschel Shosteck, an industry consultant in Silver Spring, Md., cautioned that GTE may hurt itself by offering such a low-price service so early in the consumer game. "GTE may be jumping the gun offering this new service since PCS won't be debugged and commercially viable until 1997," he said.

GTE will use its existing cellular network based on analog technology, an older approach that is used mostly for voice transmission and isn't as adept at handling data. While PCS backers emphasize the advantages of digital, the GTE executive in charge of the service, C.J. Waylan, said GTE is betting that most of its customers simply don't care about such arcane technical matters.

"We just went door-to-door and asked our customers if they wanted to try it out," said Mr. Waylan, executive vice president of marketing and business development at GTE's Personal Communications Division.

"It doesn't matter much to me how the call travels," agreed Richard Lavallee, a Telego user and owner of Lavallee's Pressure Cleaning Co. in Tarpon Springs, Fla. "All I know is that I'm sitting at my kitchen table over a plate of cold spaghetti, talking to you, and it's crystal clear."

"It's better than a beeper," added Gary Pfund, a hotel manager in Madeira Beach, Fla. "I don't have to pull off the road when I'm in my car to find a phone."

Telego uses GTE's existing cellular phone network with a service twist: consumers such as Mr. Lavallee will be able to use their pocket phone around the house as a cordless phone, or at the mall or in the car. Each user can be reached through one Telego number, but customers can't roam far from a service area as regular cellular users can, unless they sign up for a higher-priced level of service.

The fee is $25 a month plus a per-minute charge. In Tampa, customers pay 25 cents a minute – significantly cheaper than some per-minute cellular rates in many cities. Rates will vary according to the area of the country, GTE's Mr. Waylan said. Mr. Lavallee, the Tampa user, said he pays about $50 a month.

GTE plans to offer Telego in a dozen of its biggest markets by the end of the year, Mr. Wayland said. He declined to identify these markets beyond the Tampa test area, but GTE's largest markets also include San Francisco and Houston.

Mr. Wayland noted that GTE is also committed to pursuing PCS licenses in areas where the company still lacks coverage. At the same time, GTE is converting its cellular network to handle digital calls and data transmissions.

CERTIFICATE OF SERVICE

I, Bridget Y. Monroe, hereby certify that on this 22nd day of April, 1994, a copy of the foregoing "Reply Comments of Columbia PCS. Inc." was served by first class United States mail, postage prepaid on the following parties:

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